

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR

Call to Order: By **CHAIRMAN JOE MCKENNEY**, on February 15, 2001 at 8:00 A.M., in Room 172 Capitol.

ROLL CALL

Members Present:

Rep. Joe McKenney, Chairman (R)
Rep. Rod Bitney, Vice Chairman (R)
Rep. Gary Matthews, Vice Chairman (D)
Rep. Sylvia Bookout-Reinicke (R)
Rep. Roy Brown (R)
Rep. Nancy Fritz (D)
Rep. Dave Gallik (D)
Rep. Kathleen Galvin-Halcro (D)
Rep. Dennis Himmelberger (R)
Rep. Carol C. Juneau (D)
Rep. Jim Keane (D)
Rep. Rick Laible (R)
Rep. Bob Lawson (R)
Rep. John Musgrove (D)
Rep. William Price (R)
Rep. Allen Rome (R)
Rep. Donald Steinbeisser (R)
Rep. Brett Tramelli (D)
Rep. James Whitaker (R)

Members Excused: None.

Members Absent: None.

Staff Present: Gordon Higgins, Legislative Branch
Jane Nofsinger, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB539, HB559, HB497, 2/12/2001
Executive Action: None

HEARING ON HB539

Sponsor: REP. JEFF MANGAN, HD45, GREAT FALLS

Proponents: Briana Kerstein, Montana People's Action
Mark Staples, National Lending Alliance
Mary Ann Bell, Montana Title Loans
Ron Rusho, Montana Title Loans
John Cadby, Montana Bankers Assn.
Dean Roberts, Division of Motor Vehicles
Steve Turkowicz, Montana Auto Dealers Assn.

Opponents: SEN. MIKE SPRAGUE, SD6, BILLINGS
Todd Koutz, Advance Finance
David Hall, Montana Title, Cash and Loan
William Jackson, Title Loans
Kevin Pfau, Liquid Assets

Opening Statement by Sponsor:

REP. JEFF MANGAN, HD45, GREAT FALLS, presented written testimony about the title loan industry. **EXHIBIT (buh38b01)** "This is a bill creating a Montana Title Loan Act," he said. The act will be administered by the Department of Commerce, he said, and it provides for licensure, fees, disclosure, limits, and penalties. He said licensure and disclosure equals consumer protection.

Proponents' Testimony:

Ms. Kerstein presented a letter from a Billings member of her organization who had experienced a problem with an auto title loan. **EXHIBIT (buh38b02)**
She said she felt there was a place for high risk loans but there was no place for "predators." She testified the licensure and disclosure part of the bill was the most important part. She said, "We cannot rely on the industry to police themselves." She continued, this bill will help low income people from getting "stuck in a loan they cannot get out of."

Mr. Staples said he was opposed to the bill, but he met with the sponsor, and felt if the amendment stayed, it would be a nice compromise. He said this business does not take advantage of people in tough circumstances, but instead is the only business which will help them. He noted the average amount of a loan was \$400. The average household income of the borrowers was \$40,000 to \$60,000, but for some reason their credit was impaired. "These are not low-income borrowers," he said, "and the title loan companies hardly ever repossess a car."

Ms. Bill said her company did not target a particular type of person, but her customers chose not to deal with regular lending institutions. "We treat our customers with courtesy and respect, and they appreciate us," she said. She noted her company was there to help in time of a customer's need. She said that because of the amendments which had been put on the bill, she was a proponent.

Mr. Rusho said he was also a proponent of the bill with the added amendments. He noted that as the bill was originally written it "would have closed our doors." He added his business serves the needs of people who have no place else to go. He said that some of his customers could go to the bank but they liked his service. He told the committee that some loans were paid off in 3-4 months and some were paid off in a week.

Mr. Cadby said his concern had been with the titling process. He noted the amendment will put in some of the searches banks and car dealers do. Furthermore, he added, searches would be able to be conducted "real time" on the internet.

Mr. Roberts said the important thing for him was the whole new way to file and perfect liens. He noted most title loans require liens to be filed and perfected. He said his department would put an amendment in that would require the same lien procedure to secure a loan.

Mr. Turkowicz said he would remain a proponent as long as the lien is perfected.

Opponents' Testimony:

REP. SPRAGUE, SD6, Billings, told the committee that 15 years ago he went into the pawn shop business. As a police detective, he said he thought he could catch some thieves. He learned the business from another detective who sold it to him. He said the bill before the committee was prepared in a rush and has many flaws. "Even though **REP. MANGAN** says this bill does not affect pawn shops, it does," said **REP. SPRAGUE**. He also told the committee he had offered to help on the bill, but was not involved in its drafting. He said the essence of the bill is that the Department of Justice can adopt rules and implement the provisions. He pointed out these rules did not apply to banks, savings and loans and federally regulated institutions, and that was why they were not opposed to the bill. He said pawn shops are covered in other statutes and that is why the bill needs to be tabled. He reminded the committee if a bill is not done right, they will be spending a lot of time in doing it over. The first law on the books about pawn shops was in 1889, he said. He said

the last session **REP. MANGAN** had a bill about check cashing and that bill had a problem with it. He told of a friend in Billings who was holding \$40,000 in bad checks as a result of that bill. He said these implications must be thought out, and this bill has unintended consequences.

Mr. Koutz explained that he was not afraid of licensing and held three licenses already. He noted he was unaware of the amendments, but was opposed to the bill. He said he had been in business for years before the check cashing bill was passed. Once the bill was passed, he noted, the customer could not pay an extension on the loan. He said he was holding \$8000 in bad checks. He said the customers used to be able to come in and pay \$15 when they couldn't pay \$115, because the bill said the payoff had to be in 15 days. He concluded, "That was a bad bill, and this is a bad bill."

Mr. Hall said he had met with **REP. MANGAN** and the amendments here today are completely different. He said he was concerned the bill took away the rights of the customer to say how they want to pay off their loan. He stated the bill was done in haste and, "**REP. MANGAN** did not get back with me."

Mr. Jackson explained he ran a one person office. He said this bill creates an additional hardship on the customer due to the time restraint. "Sometimes a vehicle is brought in and dumped on our lot with a blown motor within the time period," he said. "We need a recourse when this happens," he said.

Mr. Pfau asked the committee to kill the bill. He said it adds one more layer to an already regulated industry.

Informational Witness: **Chris Olson, Department of Commerce**, said he would be available for questions.

Questions from Committee Members and Responses:

REP. LAIBLE asked **Mr. Olson** what kind of fees and licenses there were now. **Mr. Olson** said pawn shops were not his division, but there were 30 companies licensed under the title loan act. He noted from looking in phone books, he had counted 130. **REP. LAIBLE** asked if the licensing was voluntary or law. **Mr. Olson** said the state law is silent on title lenders. He said there are interest rate limits and these companies had chosen to register with the state.

REP. BITNEY asked **Mr. Rusho** about **Mr. Turkowicz's** concern over perfecting liens. **Mr. Rusho** said they do not loan if there is a lien, and noted they asked Deer Lodge directly. **REP. BITNEY** asked

about 2nd and 3rd liens and re-directed his question to **Mr. Roberts**. **Mr. Roberts** said, "No lender wants to be in the second position."

REP. GALLIK asked if the title loan goes into default, was there a provision for an amount over that which the borrower could be sued for. **REP. MANGAN** said, "No, the car is it."

Closing by Sponsor:

REP. MANGAN said the amendments he offered were better than the ones he talked to the opponents about. The heart of the bill is licensure and disclosure he said. He added that he thought his deferred deposit act from last session was working well.

{Tape : 2; Side : B; Approx. Time Counter : 0}

HEARING ON HB559

Sponsor: **REP. MARK NOENNIG, HD9, BILLINGS**

Proponents: Rhonda Carpenter, Montana Housing Provider
Peggy Trenk, Montana Realtors Assn.

Opponents: D.K. Mitchell, Circle J Mobile Home Tenants Assn.
Klaus Sitte, self
Briana Kerstein, Montana People's Action

Opening Statement by Sponsor:

REP. MARK NOENNIG, HD9, BILLINGS, said this bill clarifies landlord-tenant relationships in mobile home courts.

EXHIBIT (buh38b03)

He told the committee that as a lawyer, he represents tenants and landlords, and the law as currently written was difficult to administer. He said the mobile home portion was drafted onto previous legislation, and some of the notice requirements and penalties are not clear. He said the bill requires special notice time for certain violations, and requires that tenants must be given six months notice when the mobile home court is sold.

Proponents' Testimony:

Ms. Carpenter said her organization was composed of over 1100 members, and she remarked that 30% of Montanans rent their homes. She said this bill did not present substantial changes to the law, but that since the current law had been amended many times, this bill clarifies and ends the confusion which has been created over time. Regarding the notice period required by the current "notice to correct," law she asked, "If a tenant was shooting a gun, and he was given notice and he no longer shot the gun, would this be consider corrected?" She said if other tenants are mad, they can pick up and leave in 30 days."Today's bill provides if there is a health and safety factor, the tenant can be asked to move in 14 days," she said. She testified the "tenants are never bound to the landlord, but the landlord is bound to them." She explained in 1976 the law made sense, but the later amendments did not. "Today's bill improves the act and cleans up the circles," she said.

Ms. Trenk supported the bill on behalf of the members of Montana Realtors Association.

Opponents' Testimony:

Mr. Mitchell told of a situation in Missoula where the landlady cut off the watering rights of the tenants. He said the managing couple disagreed with this action and were evicted and had to move. He added that most mobile home parks will not take a mobile home over 10 years old.

Mr. Sitte testified he wrote the first mobile court bill and said the committee worked 100's of hours on it. He agreed it had been modified over the past 25 years, but only infrequently, and said input had been sought from both parties. He said today's bill breaks away from the balance between the landlords and tenants. Furthermore, he stated, the bill was not a simple revision. He said it completely changes the meaning of certain sections. He asked the committee to not pass the bill because in his opinion the bill would create more problems than it solves. "In order to work on a bill like this, it is a good idea to get both parties together," he added.

Ms. Kerstein said she represented many tenants around the state and she was strongly opposed to the bill. She said tenants were generally living in mobile homes because they could not afford other types of housing. She said tenants are subject to landlords' whims and this bill takes away tenants' rights, and strengthens landlords.

Questions from Committee Members and Responses:

REP. BITNEY asked **Mr. Mitchell** why the mobile home court could not water. **Mr. Mitchell** said the pretense was the well was going dry due to lots of building in the area. The tenants got more information and found there was nothing wrong with the water level. They concluded the landlady did not want to pay for the electricity to run the pump.

REP. GALLIK asked **REP. NOENNIG** why the bill did not just say, in a breach of contract, refer to the landlord agreement. **REP. NOENNIG** said the time limits had been put into the bill at the request of the tenants. He said he believed the intent of the current law was to allow eviction because of violations which can't be cured.

Closing by Sponsor:

REP. NOENNIG said the bill was fair, clear and easy to follow. He said the bill makes sense, and the tenant gets to stay if they pay their rent.

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HEARING ON HB497

Sponsor: **REP. BILL PRICE, HD94, LEWISTOWN**

Proponents: Mark Kredit, Kredit Electric
Mike Wilhelm, Wilhelm Electric
Jack McCleary, Action Electric, I.E.C.
Trevis Trams, self
Max Griffin, Action Electric
Marvin Wilson, Liberty Electric
Mike Waldenberg, Central Plumbing and Heating
Steve Vick, HD31, GALLATIN COUNTY
Zack Pallister, Big Sky Plumbing and Heating

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Doug Breker, Townsend Electric
Mike Christie, Christie Electric, Big Sky I.E.C.
Kathy Bare, Bare's Stove & Spa, Inc.
Carl Schweitzer, APHC

Opponents: Keith Allen, IBEW 233
Jennifer Brown, MT JATC

John Forkan, Silverbow Apprentice Committee
Bob Pavlovich, IBEW 233
Gary Becker, Yellowstone Electric
Jim Wolfe, Polar Electric
Ryan Flaherty, Kalispell apprentice
Joe McMillan, Eagle Electric
Gene Fenske, apprentice
Terry Leishman, self
Ron Sanger, self
Dennis Iverson, self
Gary Pemble, self

Opening Statement by Sponsor:

REP. BILL PRICE, HD94, LEWISTOWN, said this bill is about jobs and people working in honorable professions. The bill requires the ratio of journeyman electricians to apprentice electricians and journeyman plumbers to apprentice plumbers be set at 2:1 in each shop, and 1:1 on a job site. He said this bill will create more jobs and the opportunity for better wages and business growth.

Proponents' Testimony:

Mr. Kredit said his business needed skilled workers. He has 4 employees and it is hard to grow past 4 because it takes twelve years to train an electrician.

Mr. Wilhelm said he employs 7 people. His company has started their own school, he noted. He said currently they have 21 apprentices in 3 classes, and the contractors pay school costs. He said he gets 2-3 calls per week from young men who want to be electricians. "I tell them there are no openings because of the sate apprenticeship ratio," he said. He told the committee it was sad to not be able to develop the state's most precious resource, young people.

Mr. McCleary stated the 3:1 ratio was established in May 1950, and it was time for a change.

Mr. Trams told the committee he needed a good paying job. He said he had been trying to get an electrician's apprenticeship for three years. He asked the committee to give him the opportunity to stay in Montana and earn a decent living.

Mr. Griffin said he had been an electrician for 25 years, had started his company in 1985, and presently had 45 employees.

"Everyone should have the right to be an electrician," he said. "When we limit this right to a few, it creates a bad situation," he added. He pointed out that if the question is can the apprentices be properly trained and supervised, then why isn't the 1:1 ratio for the small shop questioned. He said now if after a few years, a shop wants to hire one apprentice, then they have to hire three to train. He explained that on the site they almost always team up 1:1, and if there is a 3:1 ratio they cannot do that. In 1991, the national association established a standard with the U.S. Department of Labor and Industry of a 1:1 ratio for journeymen and apprentices. The opponents say safety is impacted by loosening ratios, but this is not an issue, he said. "We are missing the boat by not providing opportunities for our young people, " he said.

Mr. Wilson said he employed 50 full-time workers and 10 apprentices. He said in the long term this bill will help the state and the people of Montana. He said when he advertises, organized labor sends 15-20 people to apply. He explained if he hires one of them, they will disrupt his business, and if he doesn't hire one of them they will file charges against him.

Mr. Waldenburg noted he employed 80 people and 17 apprentices. He felt there was an extreme shortage of qualified trades people. He said he had to advertise in and out of state for workers. He said he had an in-house apprentice training program which they pay for themselves. "I am proud of our people and we are developing good ones," he said. He said he felt he had a good relationship with the Apprenticeship Office, but he would like to be more involved. He added he felt there was not enough involvement from the community.

Mr. Vick told the committee he was a home builder and a home remodeler. He said there is a shortage in Montana of sub-contractors. He said this bill would be good for industry and employees.

Mr. Pallister said he had employed 35-75 employees and had trained a lot of apprentices over the years. He agreed that it is hard to find good people. He said the best apprentices he has had are from his father's shop, which is a one-man shop. He noted he strongly supported this bill.

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Doug Breker, Mike Christie, Kathy Bare, and Carl Schweitzer also appeared in support of HB497.

Opponents' Testimony:

Mr. Allen presented written testimony in opposition to the bill. He added that he didn't care what the proponents said about it being a safety issue, he thought this bill was all about cheap labor. **EXHIBIT (buh38b04)**

Ms. Brown presented written testimony from 25-30 apprentices. "I cringe when I hear people say this is not a safety issue," she said. "Three sets of eyes watching me are more comfortable than one set," she added. "My mistake on the job could cause a fire or an electrocution," she said. She concluded the 3:1 ratio required now is for safety. **EXHIBIT (buh38b05)**

Mr. Forkan said he did not believe the 1:1 ratio was enough. He said if the journeyman has to leave, the apprentice is on his own. He also said the bill would require an extra expense to the state. He said training does not create jobs, economic situations do. He continued that maybe the reason some of the proponents could not find skilled craft people is because they do not pay enough money. "We are not talking about a bunch of semi-skilled handymen," he said. He said the standards and ratios should be set and enforced.

Mr. Pavlovick told the committee the state board can issue more apprentice licenses if they need to. He noted there are layoffs out there and finding laborers are not a problem.

Mr. Wolfe said the bill was about creating cheap labor.

Mr. Pemble, Mr. Iverson, Mr. Sanger, Mr. Leishman, Mr. Rachor, Mr. McMillan and Mr. Flaherty rose in opposition to the bill.

Questions from Committee Members and Responses:

REP. GALVIN-HALCRO told **Mr. Macke** one of the proponents said they owned their school and asked if he knew about that school. **Mr. Macke** said the independent electricians had three schools for apprentices with instructors, classrooms and a curriculum which was approved at a national level. He said all three receive state funding for every instructional hour. He said they are good at reporting and have a decent system. He noted his department encourages this kind of thing.

REP. GALVIN-HALCRO asked **Mr. Holter** if there was a shortage of electricians and plumbers and what happens if there are too many. **M. Holter** said there were 45 members out of work in Helena, and 50 members were out of work in Billings. He said a lot of members have to leave Montana to find work.

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REP. GALVIN-HALCRO asked what would happen to wages if there were too many employees. **Mr. Macke** said if the market were flooded, the wages would decline.

REP. BROWN asked **Mr. Griffin** why the opponents said there was plenty of room for apprentices with the 5:1 ratio and the proponents said they couldn't get on. **Mr. Griffin** said the 5:1 is figured collectively. He added that Mr. Christie should have the right to hire more apprentices.

REP. KEANE asked **Mr. Allen** if the companies wanted to hire electricians, couldn't they call his union. **Mr. Allen** said they could and they have sent union people to non-union shops. He said, "I sent one to Dillon, and now that is a union shop."

REP. GALLIK asked **Mr. Macke** how many apprentices would be added if this bill became a law. **Mr. Macke** said there are 533 registered apprentices and they projected a growth rate of 12%.

REP. GALLIK asked if it would require another employee. **Mr. Macke** said that one more would help. He added that apprenticeships are career opportunities and they would like to promote them.

REP. MUSGROVE asked what the prevailing wage was. **Mr. Allen** replied that in Great Falls, Butte, Missoula, and Billings union rates were \$21.18 hr. plus \$6-7 hr. benefits. He said non-union rates were \$20.35 hr. plus full health and 401Ks.

Closing by Sponsor:

REP. PRICE said the committee should remember Montana's most precious resource, our young people, and pass this bill which would enable them to have better jobs.

ADJOURNMENT

Adjournment: 12:15 P.M.

REP. JOE MCKENNEY, Chairman

HOUSE COMMITTEE ON BUSINESS AND LABOR

February 15, 2001

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JANE NOFSINGER, Secretary

JM/JN

EXHIBIT (buh38bad)